

KAIZEN

***The Key to Understanding
Japanese Success***

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Introduction to the Kaizen Philosophy

Kaizen means improvement. Moreover it means continuing improvement in personal life, home life, social life, and working life. When applied to the workplace Kaizen means continuing improvement involving everyone - from top management to managers and workers.

The Kaizen strategy is the single most important concept in Japanese management. It is the key to Japanese competitive success. Because of Japan's success, the Kaizen philosophy has been implemented in organizations around the world as a way to **improve production values** while also **improving employee morale and safety**.

The Kaizen philosophy may be applied to any workplace scenario due to its simple nature. However, we are aware that every organization has specific needs. If you have questions about how **Graphic Products can assist you as you implement your Kaizen philosophy**, please feel free to contact us at any time using the information printed on the front of this booklet.

Kaizen - The Definition

Kaizen (Ky ' zen) is a Japanese term that means continuous improvement, taken from words 'Kai', which means continuous and 'zen' which means improvement. Some translate 'Kai' to mean change and 'zen' to mean good, or for the better.

Kaizen is one of the most commonly used words in Japan. It is in the newspapers, on the radio and TV. Japanese society is bombarded daily with statements regarding the Kaizen of almost anything. In business, the concept of Kaizen is so deeply ingrained in the minds of both managers and workers that they often do not even realize that they are thinking Kaizen.

The key difference between how change is understood in Japan and how it is viewed in the West lies in the Kaizen concept. This concept is so natural and obvious to many Japanese managers that they often do not even realize that they possess it! This explains why companies are constantly changing in Japan.

The Kaizen concept is very weak in Western companies, where it is often rejected without knowing what it really entails. This explains why American and European factories may go years without changing.

Within the Kaizen way of thinking, not a day should go by without some kind of improvement being made somewhere in the company. After WWII most Japanese companies had to start from the ground up. Every day brought new challenges to managers and workers alike, and every day meant progress. Simply staying in business required unending progress, and Kaizen has become a way of life.

Constant Improvement

In any business, an employee's work is based on existing standards imposed by management. Improvement refers to improving those standards. The Japanese perception of management boils down to one precept: to maintain and improve standards.

Improving standards means establishing higher standards. Once this is done, it becomes management's maintenance job to see that the new standards are observed. Lasting improvement is achieved only when people work to higher standards. Maintenance and improvement have thus become inseparable for most Japanese managers.

The higher up the manager is, the more he is concerned with improvement. At the bottom level, an unskilled worker working at a machine may spend all his time following instructions. However, as he becomes more

proficient at his work, he begins to think about improvement. He begins to contribute to improvements in the way his work is done, either through individual suggestions or through group suggestions.

Nobody can dispute the value of improvement. Whenever and wherever improvements are made in business, these improvements are eventually going to lead to improvements in such areas as **quality and productivity**. The starting point for improvement is to recognize need, and this comes from recognition of a problem. Kaizen emphasizes problem-awareness and provides clues for identifying problems.

Problem Solving

Kaizen starts with a problem or, more precisely, with the recognition that a problem exists. Where there are no problems, there is no potential for improvement. A problem in business is anything that inconveniences people downstream, either people in the next process or ultimate customers.

The issue is that the people who create the problem are not directly inconvenienced by it, and therefore are not sensitive to problem. In day-to-day management situations, the first instinct, when confronted with a problem, is to hide it or ignore it rather than to face it squarely. This happens because a problem is a problem, and because nobody wants to be accused

of having created the problem. By resorting to positive thinking, however, we can turn each problem into a valuable opportunity for improvement.

Where there is a problem, there is potential for improvement. When a problem that has been identified must be solved. When a problem is solved and standards have been surpassed, then new standards must be set. This is all a part of the Kaizen concept.

Standardization

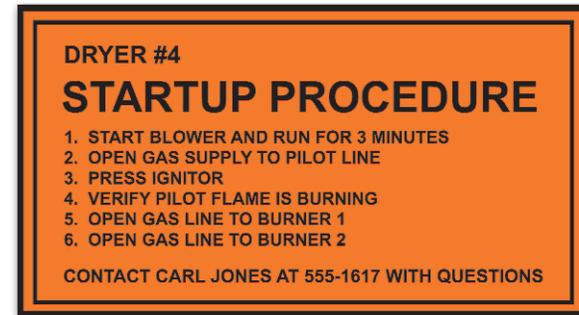
There can be no improvement where there are no standards. The starting point in any improvement is to know exactly where one stands. There must be a precise standard of measurement for every worker, every machine, and every process. Similarly, there must be a precise standard of measurement for every manager.

Kaizen strategy calls for never-ending efforts for improvement. In other words, the Kaizen strategy is a continuing challenge to prevailing standards. For Kaizen, standards exist only to be superseded by better standards. Kaizen is really based on **constant upgrading and revision**.

Only crucial elements need to be measurable and standardized.

Sometimes, Japanese factories employ one-point standardization. Each

worker should have one of his many operations standardized. Most of blue-collar work does not need to be standardized, so one point is often enough. This one-point standard is often **displayed** at the workplace so that the worker is always mindful of it, and after it becomes second nature to follow this standard another standard can be added.



It is easy to follow a standard that is labeled right on the equipment

Standardization is a way of spreading the benefits of improvement throughout the organizations. Everyone must be mindful of the standard - even management. This is called **discipline**.

The Suggestion System

Kaizen covers the total spectrum of business, starting with the way the worker works in the shop, moving on to improvements in the machinery and facilities, and finally effecting improvements in systems and procedures. Many top Japanese executives believe that Kaizen is 50 percent of management's job, and really, Kaizen is everybody's job!

It is essential that management properly understand the workers' role in Kaizen and use every opportunity to support it. One of the main vehicles of achieving Kaizen and involving all employees is through the suggestion system. This system does not always ask for immediate economic payback on each suggestion. It's looked at as a morale booster. Morale is improved through Kaizen activities as everybody masters the art of solving immediate problems.

In many Japanese companies, the number of suggestions made by each worker is regarded as an important criterion in reviewing the performance of the supervisors. The manager of the supervisor is, in turn, expected to assist them so that they can help workers generate more suggestions.

Management is willing to give recognition to employees' efforts for improvements and makes its concern visible wherever possible. Often, the number of suggestions is posted individually on the wall of the workplace in order to encourage competition among workers and among groups.

A typical Japanese plant has a space reserved in the corner of every workshop for publicizing activities going on in the workplace, such as the current level of suggestions and recent achievements by small groups.

Sometimes, tools that have been improved as a result of workers' suggestions are displayed so that workers in other work areas can adopt the same improvement ideas.



Displaying goals, recognition and suggestions helps to improve communication boost morale.

Kaizen's starting point is for the worker to adopt a positive attitude toward changing and improving the way he works. Each suggestion, once implemented, leads to a revised standard. However, since the new standard has been set up by the worker's own volition, he takes pride in the new standard and is willing to follow it. If, on the contrary, he is told to follow a standard imposed by management, he may not be as willing to follow it. Thus, through suggestions, employees can participate in Kaizen in the workplace and play a vital role in upgrading standards.

In general, Japanese managers have more leeway in implementing employee suggestions than their Western counterparts do. They are willing to go along with a change if it contributes to any one of the following goals:

- ◆ *Making the job easier
- ◆ Removing drudgery from the job
- ◆ *Removing nuisance from the job
- ◆ *Making the job safer
- ◆ *Making the job more productive
- ◆ Improving product quality
- ◆ *Saving time and cost

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In contrast, Western management is almost exclusively concerned with the cost of the change and its economic payback.



Make safety a top priority in the workplace by clearly marking all hazards.

Process-Oriented Thinking

Kaizen generates process-oriented thinking, since processes must be improved before we get improved results. Kaizen is also people-oriented and is directed at people's efforts. This contrasts sharply with the result-oriented thinking of most Western managers.

In Japan, the process is considered just as important as the obviously intended result. In the US, generally speaking, no matter how hard a person works, lack of results will result in a poor personal rating and lower income or status. The individual's contribution is valued only for its concrete results.

A process-oriented manager will be interested in:

- ◆ Discipline
- ◆ Time management
- ◆ *Skill development
- ◆ *Participation and involvement
- ◆ Morale
- ◆ *Communication

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The manager will be people-oriented and develop a reward system based on these factors.

Kaizen vs. Innovation

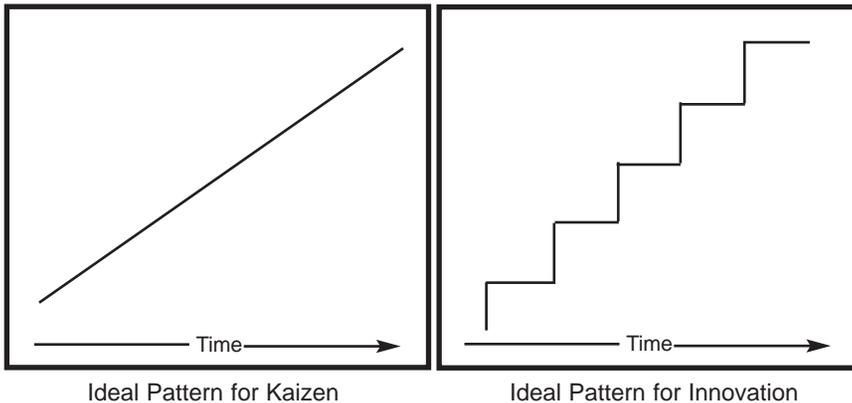
Kaizen vs. innovation could be referred to as the gradualist-approach vs. the great-leap-forward approach. Japanese companies generally favor the gradualist approach and Western companies favor the great-leap approach, which is an approach epitomized by the term innovation.

Innovation is characterized by major changes in the wake of technological breakthroughs, or the introduction of the latest management concepts or production techniques. Kaizen, on the other hand, is un-dramatic and subtle, and its results are seldom immediately visible. Kaizen is continuous while innovation is a one-shot phenomenon. Further, innovation is technology and money-oriented whereas Kaizen is people-oriented.

In the West, a middle manager can usually obtain top management support for innovative projects because they offer return on investment bene-

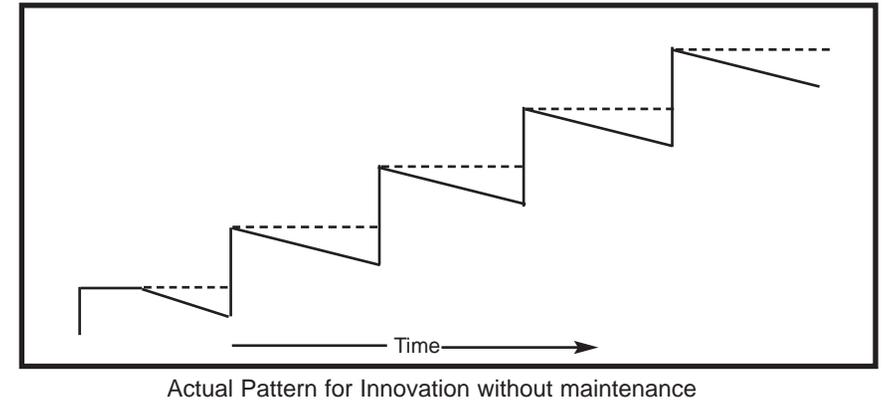
fits that managers can hardly resist. However, when a factory manager wishes to make small changes in the way his workers perform a task, obtaining management support can be difficult.

Kaizen does not call for a large investment to implement it, but it does call for a great deal of continuous effort and commitment. To implement Kaizen, you need only simple, conventional techniques. Often, common sense is all that is needed. On the other hand, innovation usually requires highly sophisticated technology, as well as a huge investment.



If you look at a diagram of Kaizen vs. Innovation, Kaizen is a constant slope, while innovation is a staircase. Often, innovation does not bring the staircase effect, however, because it lacks the Kaizen strategy to go along with it. Once a new system has been installed as a result of new innovation, it is subject to steady deterioration unless continuing efforts are made to first maintain it and then improve on it. There is no such thing as static

or constant. All systems are subject to deteriorate unless a continuing effort is made to maintain or improve, as you can see in the figure below.



The worst companies are those that do nothing but maintenance (no internal drive for Kaizen OR innovation). Improvement by definition is slow, gradual and often invisible with effects that are felt over the long run.

In a slow-growth economy, Kaizen often has a better payoff than innovation does. For example: it's difficult to increase sales by 10% but it's not so difficult to cut manufacturing costs by 10%. However, because Western management is so focused on the short term and immediate results, often the Kaizen approach is not given the opportunity. Western management philosophy might be "I don't care what you do or how you do it. I want the results- and I want it now!" If profit is the only means to measure performance of top management, then they will be reluctant to initiate improvements that risk hurting short-term profits, even if the long-term benefits of such change are obvious.

Kaizen requires virtually everyone's personal efforts and the knowledge that with that effort and time, improvements will be made. Management must make a conscious and continuous effort to support it. It requires a substantial management commitment of time and effort. Investing in Kaizen means investing people, not capital.

Management Support of Kaizen

If the benefits of Kaizen come gradually, and its effects are felt only on a long-term basis, it is obvious that Kaizen can thrive only under top management that has a genuine concern for the long-term health of the company.

One of the major differences between Japanese and Western management styles is their time frames. Japanese management has a long-term perspective and Western managers tend to look for shorter-term results. Unless top management is determined to introduce Kaizen as a top priority, any effort to introduce Kaizen to the company will be short lived.

Kaizen starts with the identification of problems. In the Western hire-and-fire environment, identification of a problem often means a negative per-

formance review and may even carry the risk of dismissal. Superiors are busy finding fault with subordinates, and subordinates are busy covering up problems. Changing the corporate culture to accommodate and foster Kaizen - to encourage everybody to admit problems and to work out plans for their solution - will require sweeping changes in personnel practices and the way people work with each other.

Kaizen's introduction and direction must be top-down, but the suggestions for Kaizen should be bottom up, since the best suggestions for improvement usually come from those closest to the problem. Western Management will be required to introduce process-oriented criteria at every level, which will necessitate company-wide retraining programs as well as restructuring of the planning and control systems.

The benefits of Kaizen are obvious to those who have introduced it. Kaizen leads to improved quality and greater productivity. Where Kaizen is introduced for the first time, management may easily see productivity increase by 30 percent, 50 percent and even 100 percent and more, all without any major capital investments. Kaizen helps lower the breakeven point. It helps management to become more attentive to customer needs and build a system that takes customer requirements into account.

The Kaizen strategy strives to give undivided attention to both process and result. It is the effort that counts when we are talking about process

improvement, and management should develop a system that rewards the efforts of both workers and managers, and not just the recognition of results.

Kaizen does not replace or preclude innovation. Rather, the two are complementary. Ideally, innovation should take off after Kaizen has been exhausted, and Kaizen should follow as soon as innovation is initiated. Kaizen and innovation are inseparable ingredients in progress.

The Kaizen concept is valid not only in Japan, but in other countries. All people have an instinctive desire to improve themselves. Although it is true that cultural factors affect an individual's behavior, it is also true that the individual's behavior can be measured and affected through a series of factors or processes. Thus, it is always possible regardless of the culture, to break behavior down into processes and to establish control points and check points. This is why such management tools and decision-making and problem solving have a universal validity.

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